



Q3 2022

Financial Results

October 27, 2022



Safe harbor

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We believe that the case studies presented in this presentation provide a representative sample of how our merchants have been able to use various features of our platform to grow their respective businesses. References in this presentation to increased visits, growth and sales following implementation of our platform do not necessarily mean that our platform was the only factor contributing to such increases.

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October 2022



Key investment themes

01 Building buyer relationships

02 Going global

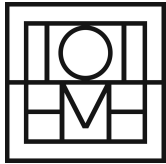
03 From first sale to full scale

04 Simplifying logistics

Shopify POS

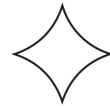
Offering integration with Shopify Payments and seamless connection with online sales, our point-of-sale offering is quickly becoming the POS of choice for merchants of scale

Well known brands implemented POS Pro in Q3



+35%

Offline GMV YoY



Shopify POS Go

Our latest innovative hardware is an all-in-one mobile POS device

Empowers merchants to meet consumers wherever they are and however they want to purchase – from 'curb to counter'

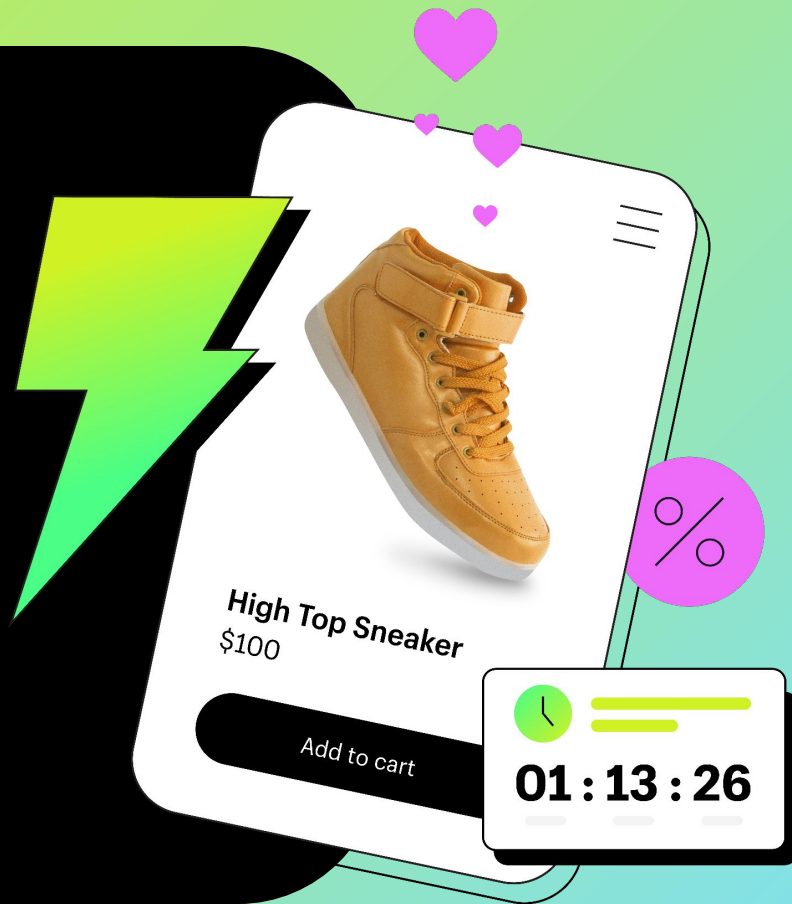
Merchants can scan barcodes, accept tap, chip, and swipe payments, and use Shopify POS all from one handheld device



Black Friday Cyber Monday

Building buyer relationships is paramount as our merchants gear up for Black Friday Cyber Monday. **Shopify is ready!**

Our platform is equipped to handle the influx of orders and volume because we don't just do this a few times a year - we support merchants through these types of flash sales all the time.



Shopify Audiences

Merchants are leveraging Shopify Audiences to create high-purchase-intent audiences for digital audiences to improve buyer conversion and return on advertising spend

hiya™

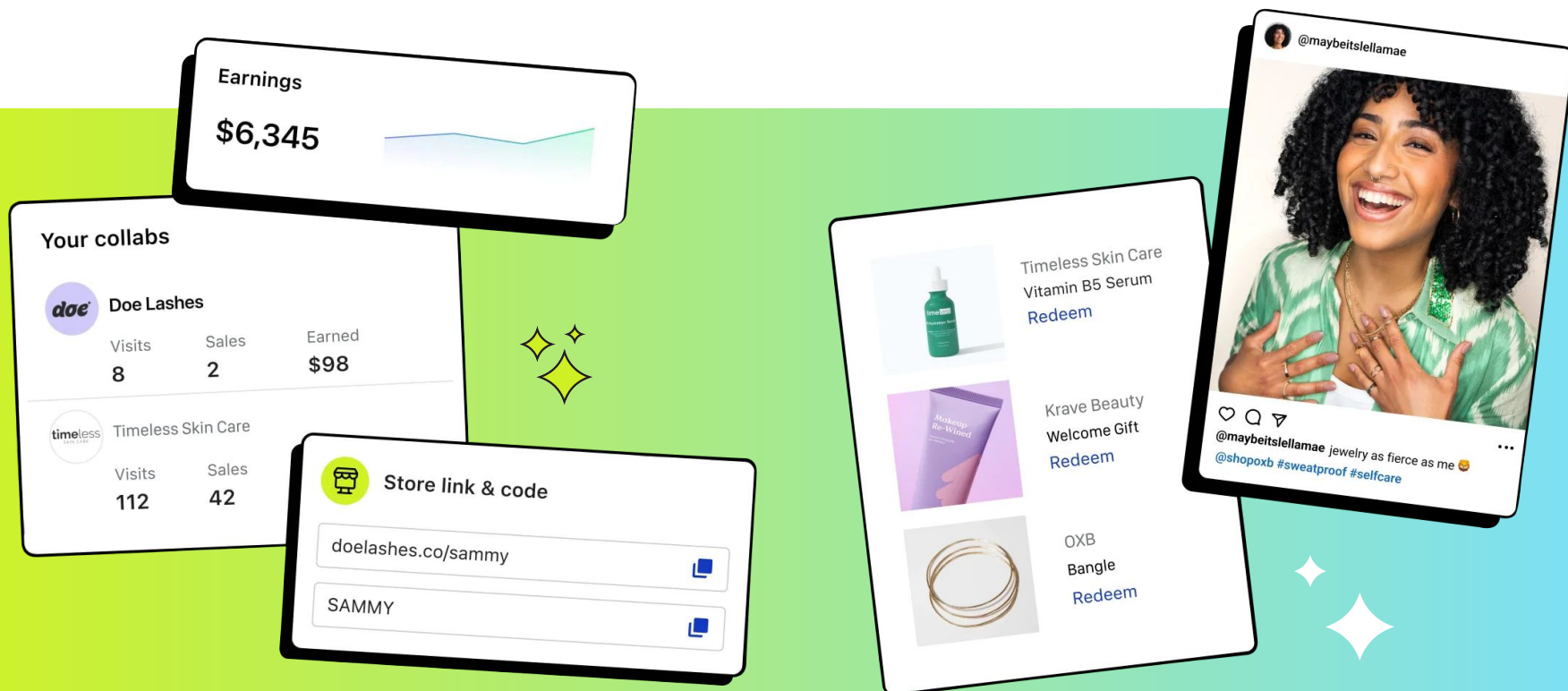
- ✓ **172%** higher return on ad spend
- ✓ **158%** increase in conversion rate
- ✓ **35%** decline in cost per acquisition

nathan james

- ✓ **5.6x** return on ad spend
- ✓ **200%** increase in purchases
- ✓ **52%** decline in cost per acquisition

Shopify Collabs

Collabs has generated approximately **50 million organic** impressions across social channels in less than two months





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Shopify Markets

175K+

merchants across the world
have used Shopify Markets

14 countries

US merchants utilizing Shopify
Markets now sell into an average
of 14 additional countries



Add new markets



United States



Mexico



Spain

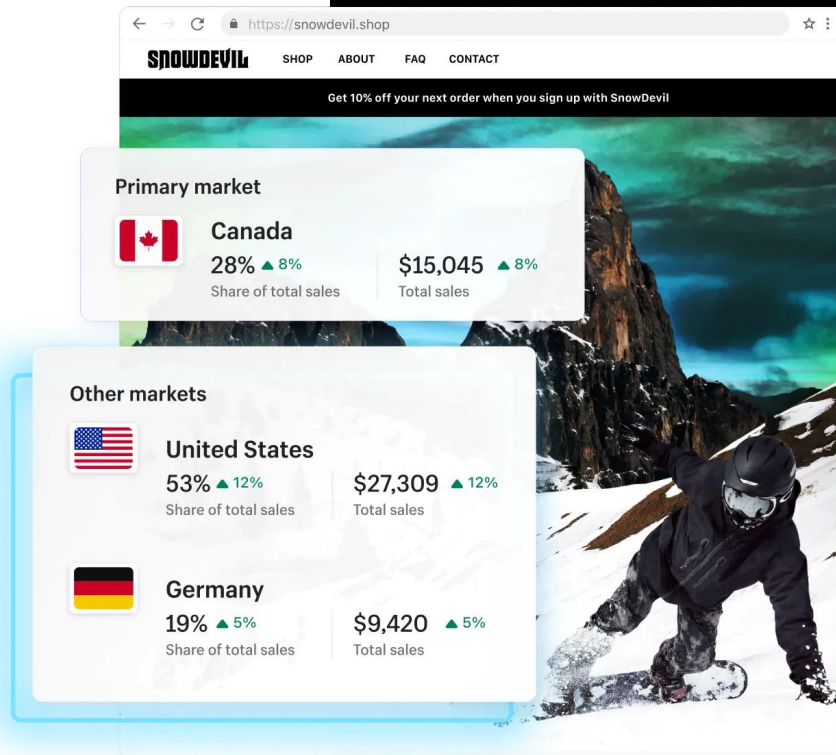
Shopify Markets Pro

+150 countries

Making it easier for merchants to accelerate global expansion to **over 150 countries overnight** without increasing operational costs, risks, or complexity

Translate & Adapt app

Merchants looking to localize their buyer experience can now leverage Shopify's Translate & Adapt app to automatically translate their store into multiple languages



Expand our geographic reach

We continue to localize our platform and feature set to merchants across the globe, lowering the barriers to entrepreneurship



Launched Shopify Payments in **Finland, Czech Republic, Switzerland, and Portugal**



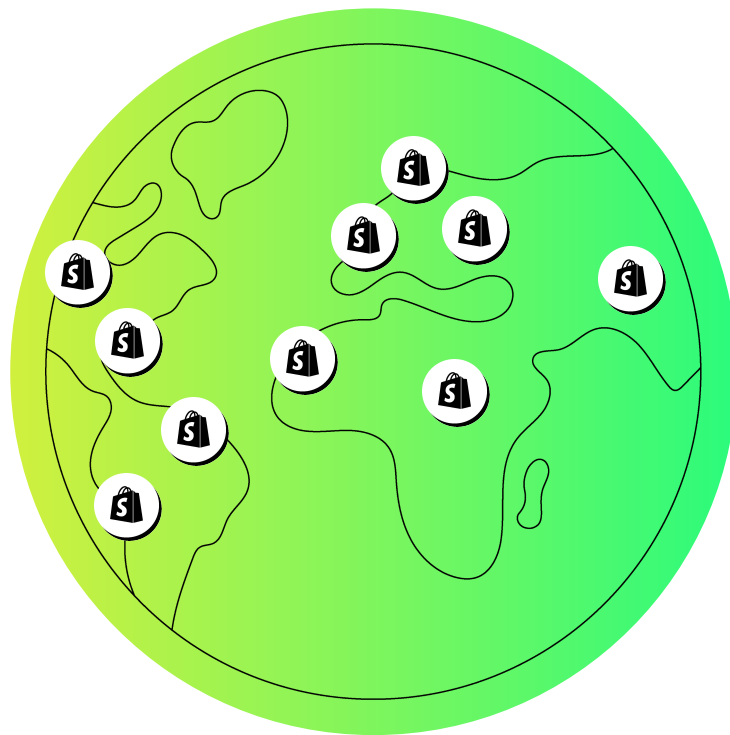
Launched Shopify Capital in **Australia**



Launched Shopify Shipping in **Italy and France**



Launched Shopify POS with integrated payments in **Singapore and Finland**





Key investment themes

01 Building buyer relationships

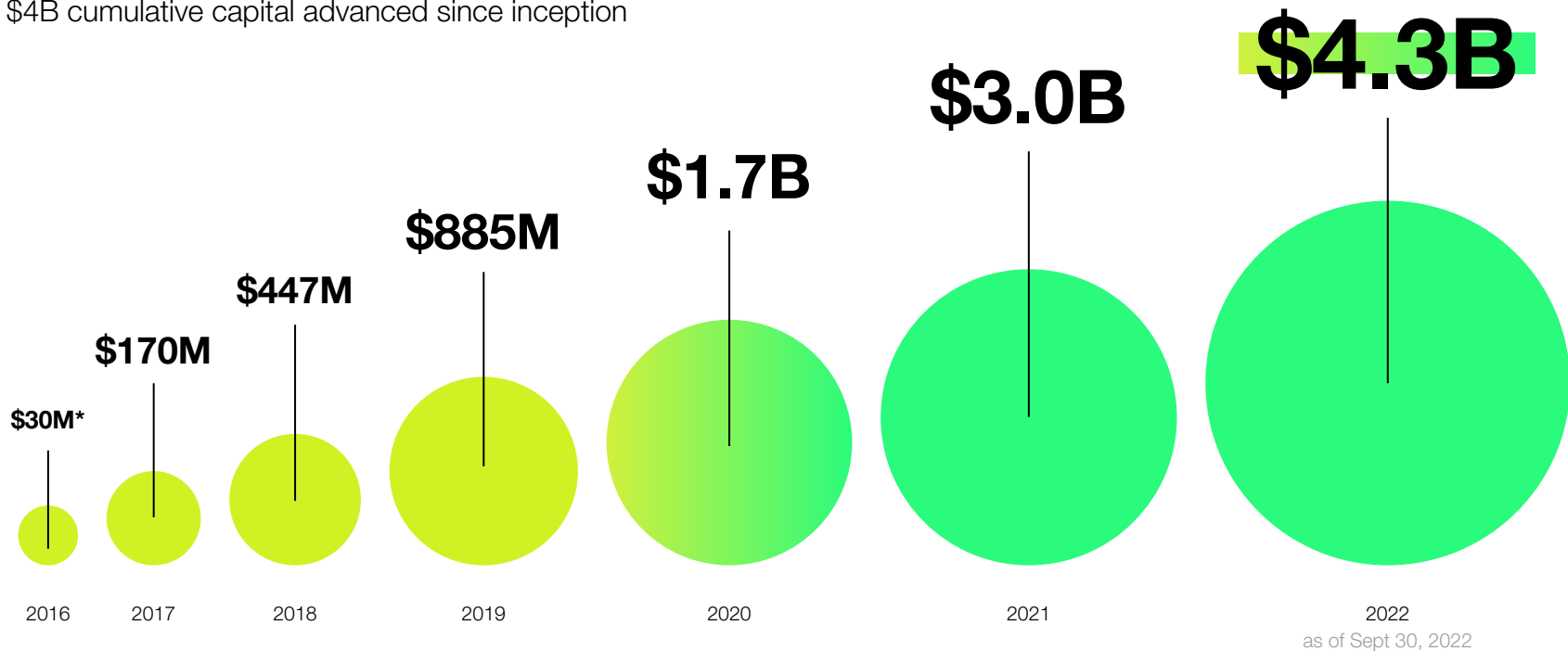
02 Going global

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Shopify Capital

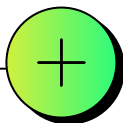
At the end of August, Shopify Capital broke another record:
\$4B cumulative capital advanced since inception



*Cumulative capital advanced since the launch of Shopify Capital

Shopify Plus

Brands across a broad spectrum of verticals and geographies joined Shopify Plus in Q3 and early October



Glossier.

COLE HAAN

lemme

Panasonic



STELLA&DOT

Greenies

SUPERGA®



Shopify ecosystem

We continue to invest in global partnerships to support the adoption of Shopify by some of the world's largest brands.

In Q3 we officially signed partnership agreements with **Ernst & Young** and **KPMG**, adding to our relationship with **Deloitte**.





Key investment themes

01 Building buyer relationships

02 Going global

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04 Simplifying logistics

Simplifying logistics from 'port to porch'

 **shopify** fulfillment network

Ship products from overseas manufacturers to US ports

Manufacturer

Freight

PORT



flexport.

- Materials
- Manufacturing
- Product assembly
- Overseas transport
- Receiving and assessment


Products move smoothly in network or across channels

Distribution hubs

Fulfillment centers



 **Deliverr**

Shopify partner warehouses
+
 **6 RIVER SYSTEMS**

- Cross-docking and prep
- D2C, wholesale, retail, marketplaces
- Sorting facilities and inventory balancing
- Last mile delivery and returns processing

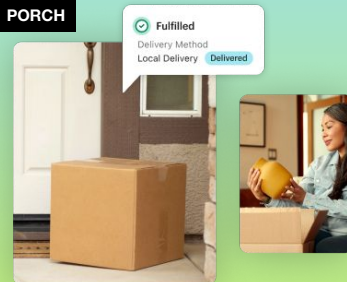
B2B FBA

DM DISTRIBUTION MANAGEMENT 

Fulfill and deliver orders in two days or less

Customers

PORCH



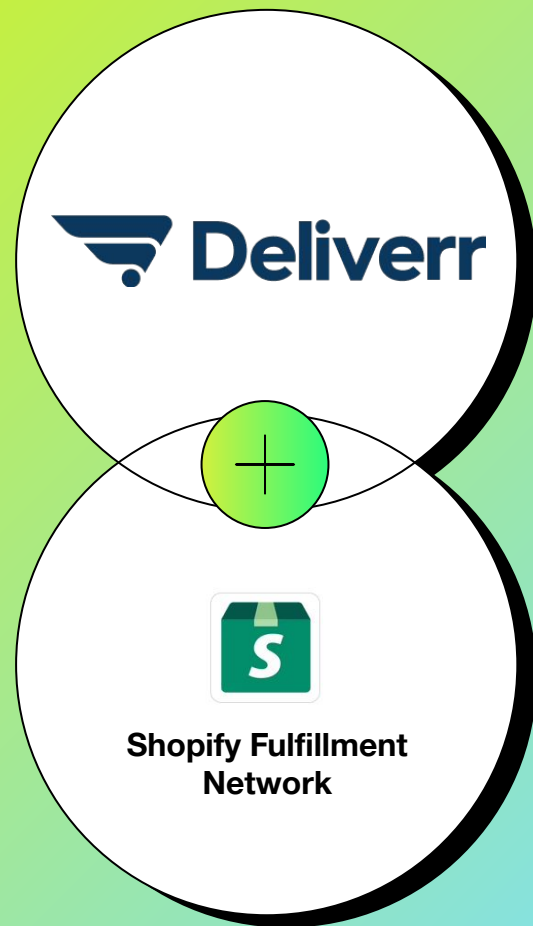
shop 

- Two-day delivery promise + easy returns
- Online stores, social and marketplaces



New fulfillment app

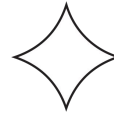
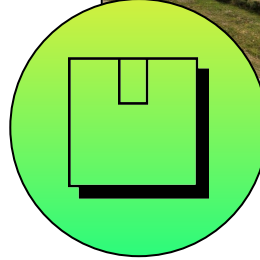
Plan to combine Deliverr and Shopify Fulfillment Network (SFN) into **a single network** spanning a merchant's full supply chain



Creating a unified network **built on**
Deliverr's software platform

↑ **10x**

Increase QoQ in the number of
merchants holding inventory in
the Atlanta facility



Q3 progress towards building an **end-to-end logistics platform** that will connect every single part of a merchant's supply chain



75% YoY

Increase in merchant inventory received into Deliverr cross-docks



80% QoQ

Growth in number of merchants using >1 of our logistics services across all three stages of the supply chain



450% YoY

Increase in orders fulfilled by FMS across both Shopify and partner-run facilities

Shifting the logistics conversation with merchants to focus on **driving value through fast and reliable fulfillment**



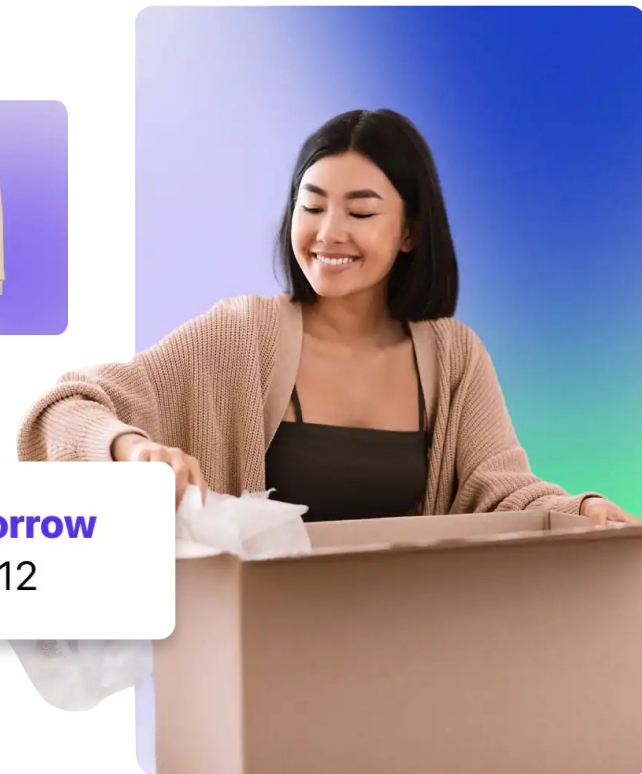
Increased **buyer conversion**
up to 9% during initial rollout



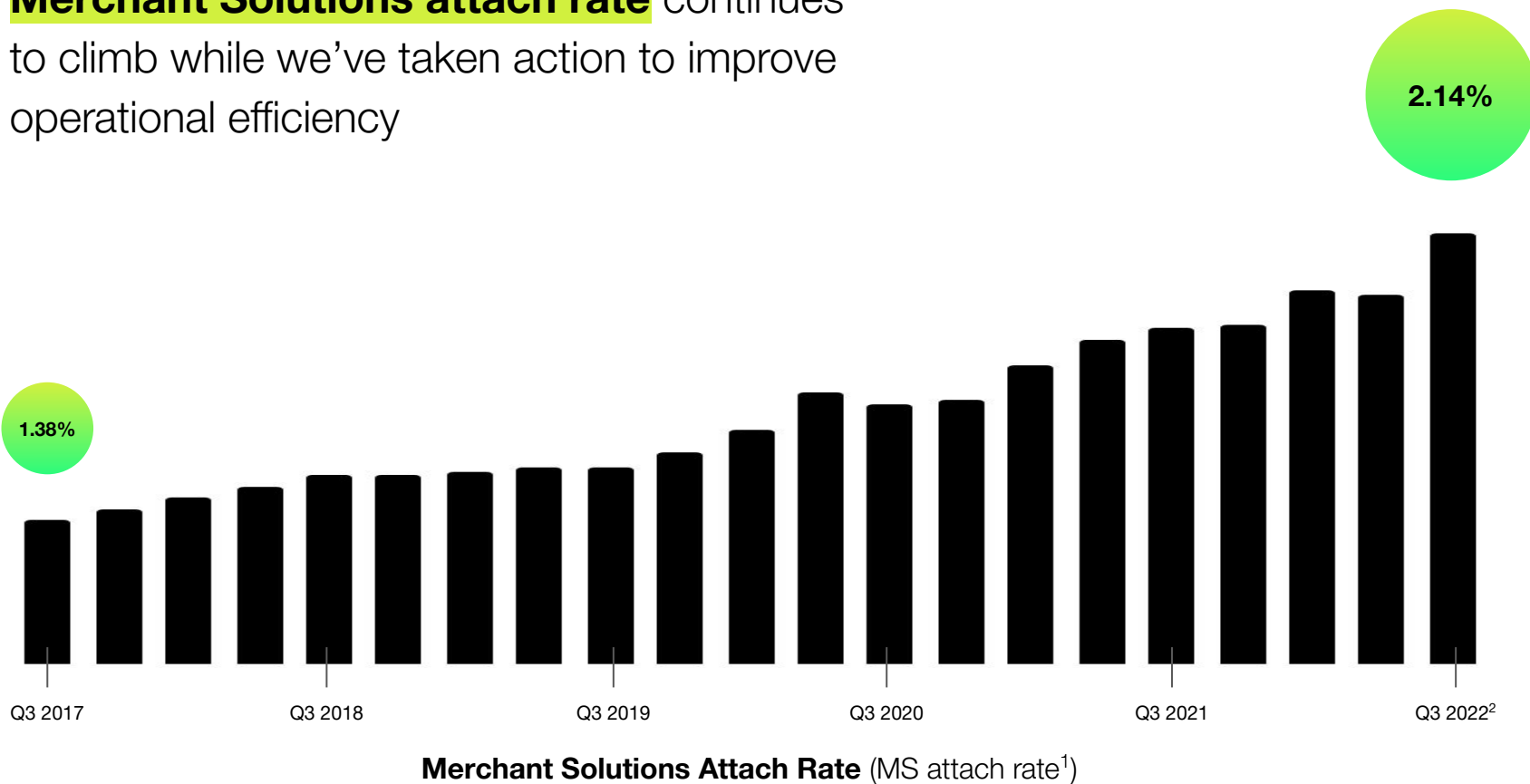
In September, **>2/3 of domestic packages** delivered within
two business days



Delivery tomorrow
Friday, August 12



Merchant Solutions attach rate continues to climb while we've taken action to improve operational efficiency




¹MS attach rate is defined as merchant solutions revenue divided by GMV

²MS attach rate inclusive of Deliverr acquisition (+8bps) which occurred in Q3 2022




\$1.4B

Revenue

22% vs Q3 2021 


\$989.9M

Merchant Solutions

26% vs Q3 2021 

\$376.3M

Subscription Solutions

12% vs Q3 2021 



\$46.2B

GMV



11% vs Q3 2021



Outpacing US retail growth of +9%*

Factors affecting Q3

- Foreign exchange impact of approximately 4%
- Persistent macro challenges including high inflation leading consumers to continue favoring discount retailers and reduce discretionary spend

* Source: US Census Bureau



\$25.0B

GMV processed on
Shopify Payments



22% vs Q3 2021



GPV penetration 54% vs 49% in Q3 2021



GPV penetration +113 bps QoQ



\$107.0M

Monthly Recurring Revenue (MRR)



8% vs Q3 2021



Shopify Plus penetration 33% vs 28% in Q3 2021

Factors affecting Q3

- First full quarter of the Starter Plan
- Free and paid trial experiences that are immaterial to MRR until entrepreneur converts to a non-Plus plan



\$681.8M

Adjusted gross profit

↑ 11% vs Q3 2021

(\$45.1 M)

Adjusted operating loss

↓ from \$140.2M in Q3 2021

(\$30.0M)

Adjusted net loss

↓ from \$102.8M in Q3 2021

2022 full-year outlook considerations

Revenue

- Quarters spread more evenly (similar to 2021)
- Merchant solutions revenue growth >2x subscription solutions revenue growth

Gross profit

- Gross profit dollar growth to trail revenue growth due to a larger mix of Merchant Solutions and Deliverr, which we expect to be dilutive

Operating expense

- Exit the year with OpEx growth decelerating

Adjusted operating loss

- Re-investment year for future long-term growth

Stock-based compensation

\$575M

(previous outlook \$750M)

Capital expenditures

\$125M

(previous outlook \$200M)

Amortization of acquired intangibles

\$55M

(previous outlook \$62M)

Additional commentary related to Q4/22

Deliverr acquisition

- Accretive to revenue growth
- Dilutive to gross margin
- +450 employees

Adjusted operating loss considerations for Q4/22:

- Compensation structure change
- Q4 adjusted operating loss **to be comparable** to Q3 adjusted operating loss dollar amount



Make commerce
better for everyone

